UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

IN RE:	§	
	§	
KYLE CHAPMAN MOTOR SALES, L.P.,	§	**LEAD CASE NO. 24-10143-smr**
	§	
	§	
KCMS PREMIER CREDIT, INC.,	§	**SECOND CASE No. 24-10144-smr**
	§	
CAVALIER LAMAR HOLDINGS, L.P.	§	**THIRD CASE No. 24-10146-smr**
	§	
	§	**CHAPTER 11**
Debtors.[1]	§	**Jointly Administered Under**
	§	**Case No. 24-10143-smr**

DEBTORS' RESPONSE TO FROST BANK'S OBJECTIONS TO CONFIRMATION AND RENEWED MOTION TO CONVERT

COMES NOW Kyle Chapman Motor Sales ("Chapman Motors"), KCMS Premier Credit, Inc. ("KCMS Premier"), and Cavalier Lamar Holdings, L.P. ("Cavalier") (collectively, the "Debtors"), and files this *Response* to *Frost Bank's Objections to Debtors' Joint Plan of Reorganization and Renewed Motion to Convert or, in the Alternative, Motion to Dismiss* (the "Objection")(ECF # 152) filed by Frost Bank (the "Bank"). Because the Debtors proposed the Plan in good faith, have presented a feasible plan, and the Plan fairly and equitably treats the secured claim of the Bank, the Court should overrule the Bank's Objection and deny the Motion to Covert. The Debtors will, in support show:

I. SUMMARY OF ARGUMENT

1. The Debtors have a lengthy history that spans several decades, economic cycles,

[1] The address for the Debtors is: 18300 S. IH 35, Buda, Texas 78610. The last for digits of their respective tax identification numbers are: Kyle Chapman Motor Sales, LP (#8241); KCMS Premier Credit, Inc. (#4717); Cavalier Lamar Holdings, LP (#5509).

relocations, and now, a lengthy bankruptcy process. Since filing the bankruptcy petitions, Debtors will have paid over $5.6 million on the Credit Loan while restricting inventory purchases to make aggressive adequate protection payments. Debtors submit that their history, performance during the bankruptcy, and projections all demonstrate that the case and Plan were filed in good faith, is feasible, and by providing regular monthly payments with accruing interest and a 5-year balloon payment, satisfy the statutory protections for the Bank's secured claims.

2. All told, the Debtors believe that the going concern value of their assets are almost $22,000,000, an amount that far exceeds the Bank's loans which are, by the Bank's calculations, approximately $12,690,000. Since the Bank is an over secured creditor, the Debtors can confirm the Plan over the Bank's objection if it satisfies § 1129(b)(2) and the other grounds for objection.

II. ARGUMENT

3. The Bank objects to Confirmation on three basis: that the Plan is not proposed in good faith; that the Plan is Not Feasible; and, that the Cramdown treatment is not "Fair and Equitable". *See Objection* ¶ 23-33. For the reasons set forth below, the Bank's objections should all be denied.

A. Plan is Proposed in Good Faith

4. The Bank alleges that the Plan was filed in bad faith because the cases were commenced after the Debtors came to a loggerhead with its secured lender, took almost a year to get a Plan on file, seeks to modify the rights of the secured creditor, and proposes to retain and compensate Mr. Chapman's family members for the work they perform tirelessly. *See Objection* ¶ 26. The Bank is correct that the courts must view the totality of the circumstances when determining whether the case and plan are filed in good faith. *See Objection ¶ 25, citing In re Trinity Family Practice & Urgent Care PLLC*, 661 B.R. 793 (Bankr. W.D. Tex. 2024).

5. As explained in the *Declaration of Kyle Chapman in Support of Confirmation* (ECF #157)(the "Declaration"), the delay in proposing a plan of reorganization came after the Bank respectfully requested that the Debtors engage with outside parties to liquidate assets, inject cash, or otherwise work towards a quicker payoff of the loans with the Bank. (Declaration ¶ 21-23). Thereafter, the Debtor engaged with a series of third parties to no avail. (Declaration ¶ 24-26), which led the Debtor to craft the reorganization strategy found in the Plan. Seemingly, the Bank was content to accept the $100,000 per week adequate protection payments but now asserts that, somehow, the Debtors' performance over those several months indicates that the Plan is proposed in bad faith.

6. Following the Bank's logic, cases filed due to a dispute with the primary lender would be presumptively filed in bad faith, a conclusion that flies in the face of the bankruptcy code and has no basis in the bankruptcy code. As opposed to a case filed on the eve of a runaway verdict or after multiple findings of contempt, the Debtors here filed for bankruptcy relief after engaging with the Bank for multiple rounds of negotiations and subsequently agreed to the Bank's demands for adequate protection payments. (*See First Interim Agreed Order Authorizing Use of Cash Collateral and Providing Adequate Protection*, ECF No. 42).

7. Lastly, the Bank appears to be concerned at the prospect of the Reorganized Debtors exercising its rights under § 1123(b)(5) to modify the rights of a secured creditor and to, in general operate. As explained below, with additional arguments to be provided at the hearing, the modifications of the Credit Loan into the "Rolled-up Loan" is fair and equitable and will provide ongoing cash payments to the Bank while allowing the Debtors to continue operating.

B. Debtors' Joint Plan is Feasible

8. The second basis for the objection, that the Plan is not feasible, similarly fails. Debtors have, over the last year plus, will have paid approximately $5.6 million prior to the Effective Date, all the while the Debtors have continued operations, albeit with a limited ability to generate sales. As explained in the Declaration, Debtors believe that with sales of approximately 30 vehicles per month, it should be able to replenish the notes receivables and stream of revenue generated therefrom, in an amount sufficient to maintain the operations as shown in the plan projections. *See Declaration* ¶ 33. Moreover, the Chapman Motors has worked with potential lender and purchaser to generate additional revenue by selling light duty pickup trucks to small businesses that will make larger down payments than Debtors have historically received. Thereafter, Debtors will sell those new notes to pay down the floor plan loan. *Declaration* ¶ 34.

C. The Plan is Fair and Equitable

9. The Bank's last basis for objecting to confirmation, that the treatment is not fair and equitable under § 1129(b)(2)(A), applies the incorrect standard. See Objection ¶ 32-33. Instead of the "Indubitable Equivalent" prong, the correct application is whether the Bank retains its liens and received deferred cash payments equal to the amount of its claim. See § 1129(b)(2)(A)(i). The Plan proposes to pay the claim in full within 60 months. Instead of simply offering a circumspect payoff at the end of five years, the Debtors proposes to amortize the Bank's claim over 15 years with an annual interest rate of 8.75%, resulting in monthly payments of $115,000. Additionally, the Debtors propose extra lumpsum payments every summer, starting with the liquidation of unencumbered real estate. As such, the Bank is not shouldering all the risk but will, by the Debtors' estimates, receive over $4 million in interest over the course of the Plan, maintain its secured position, and ultimately be paid in full.

10. Meanwhile, in the instance that the Debtors default on their Plan payments, the Bank retains all of its secured interests in the collateral, namely the Notes Receivable, Inventory, Cash, and real estate. Since the Plan does not strip the Bank's security interest in the Debtors' assets, it preserves the Bank's right to foreclose in the instance there is a default of the plan. *See In re Briscoe Enters., Ltd., II*, 994 F.2d 1160 (5th Cir. 1993). In *Briscoe*, the Court approved a plan that provided a 30-year amortization with a balloon due in 15 years even though only 20% of the principal would be paid in that time. *Id*. at 1169. Here, as shown in the amortization table, Debtors will pay approximately 30% of the loan principal in 5 years which will, in conjunction with the equity in the real estate, allow the Reorganized Debtors to find take out financing, sell the assets for the satisfaction of the Bank, or otherwise partner with another entity that can help satisfy the debt then owing to the Bank.

WHEREFORE, the Debtor prays that the Court deny the Objection and for such other relief as the Court may provide.

Dated: May 13, 2025

Respectfully submitted,

HAYWARD PLLC

By: /s/ *Todd Headden*__
Todd Headden
Texas Bar No: 24096285
7600 Burnet Road, Suite 530
Austin, TX 78757
(737) 881-7100 (Phone/Fax)
theadden@haywardfirm.com

Counsel for the Debtors

CERTIFICATE OF SERVICE

I hereby certify that on May 13, 2025, the foregoing Notice was served via CM/ECF on all parties requesting such service. In addition, on May 13, 2025, the foregoing Notice was served via First Class Mail to the parties on the attached creditor's matrix.

/s/ *Todd Headden*
Todd Headden

Label Matrix for local noticing
0542-1
Case 24-10143-smr
Western District of Texas
Austin
Fri Mar 15 13:20:35 CDT 2024

Cavalier Lamar Holdings, L.P.
18300 S. IH 35
Buda, TX 78610-5735

Kyle Chapman Motor Sales, L.P.
18300 S. IH 35
Buda, TX 78610-5735

U.S. BANKRUPTCY COURT
903 SAN JACINTO, SUITE 322
AUSTIN, TX 78701-2450

1-800 Radiator & A/C
P.O. Box 170161
Austin, TX 78717-0010

A & R Auto Center, LLC
P.O. Box 2168
Kyle, TX 78640-1806

A-1 Partsmart
P.O. Box 78998
Austin, TX 78760

AT&T Bankruptcy Center
2270 Lakeside Blvd., 7th Floor
Richardson, TX 75082-4304

AT&T Mobility
P.O. Box 6463
Carol Stream, IL 60197-6463

Arnold Oil Company
P.O. Box 18089
Austin, TX 78760-8089

Austin Nas Auto, LLC
10836 N Lamar Blvd.
Austin, TX 78753-3053

Auto Master Systems, Inc.
P.O. Box 620
Sweetser, IN 46987-0620

AutoZone Inc
PO BOX 10 - DEPT 9003
Memphis, TN 38101-0010

BlytzPay, LLC
13961 S. Minuteman Dr., Suite 375
Draper, UT 84020-7880

Boost Foundry, LLC dba Magiloop
237 S Terrace
Wichita, KS 67218-1431

CMIT Solutions
6046 FM 2920, Suite 222
Spring, TX 77379-2542

Capital One
Attn: General Correspondence
P.O. Box 30285
Salt Lake City, UT 84130-0285

Capital One
P.O. Box 65019
City of Industry, CA 91716

Castle Auto Glass
420 Pentire Way
Hutto, TX 78634-5738

Cavalier Lamar Holdings, LP
18300 S Interstate 35
Buda, TX 78610-5735

Cen-Tex Detail Supply
10829 Jollyville Rd
Austin, TX 78759-5634

Dillo Towing, LLC
c/o Registered Agent, Diedre Marie Cuell
151 Chalk Drive Ct.
Buda, TX 78610-2787

Dons Auto Upholstery
P.O. Box 13
Luling, TX 78648-0013

Drive Wholesale, LLC
c/o Koko Himes
810 South Rock St. #104
Georgetown, TX 78626-2831

EXXON Mobil
P.O. Box 6293
Carol Stream, IL 60197-6293

Elio's Auto Repair
4709 Preakness Street
Del Valle, TX 78617-3469

Empire Indemnity Insurance Company
Brookside Office Park
1161 Corporate Dr W, Suite 300
Arlington, TX 76006-6820

Frost Bank
c/o Leslie M. Luttrell
100 NE Loop 410, Ste. 615
San Antonio, TX 78216-4713

Frost Bank
c/o Morris E. Trey White
Luttrell + Carmody Law Group
100 NE Loop 410, Ste. 615
San Antonio, TX 78216-4713

Graybar Financial Services
P.O. Box 5066
Hartford, CT 06102-5066

Hays CISD
c/o Diane W. Sanders
Linebarger Goggan Blair & Sampson, LLP
P.O. Box 17428
Austin, TX 78760-7428

Hays County Tax Office - UPTV
712 S Stagecoach Trail
San Marcos, TX 78666-5999

Henderson Hutcherson & McCollough, PLLC
1200 Market Street
Chattanooga, TN 37402-2713

Henna Chevrolet
P.O. Box 15347
Austin, TX 78761-5347

Internal Revenue Service
Centralized Insolvency Office
P. O. Box 7346
Philadelphia, PA 19101-7346

J Reyes Auto, LLC
1891 Bebee Rd
Kyle, TX 78640-4742

J&S Towing and Recovery
1702 S Interstate 35
San Marcos, TX 78666-6010

JB's Collision Center
104 Texas Avenue
San Marcos, TX 78666-5903

JM Auto Sales
11088 County Rd 272
Bertram, TX 78605-4099

Jerry Williams Motors
151 Hilltop Drive
Dripping Springs, TX 78620-3192

K&M Tire, Inc.
965 Spencerville Ave
Delphos, OH 45833-2351

Keyless Ride
P.O. Box 2316
San Antonio, TX 78298-2316

Kia of South Austin
6161 Rothway Street
Houston, TX 77040-5036

Koenig Lane Inspections, Inc.
301 W Koenig Ln
Austin, TX 78751-1116

LKQ Central Texas
15726 Collections Center Dr
Chicago, IL 60693-0001

Legal Response Operations Center
Charter Communications, Inc.
12405 Powerscourt Drive
Saint Louis, Missouri 63131-3673

Lodestar RE, Inc.
8220 San Pedro NE, Suite 515
Albuquerque, NM 87113-2476

Loomis
2500 Citywest Blvd., Suite 2200
Houston, TX 77042-3031

Luttrell + Carmody Law Group
One International
100 N.E. Loop 410, Suite 615
San Antonio, TX 78216-4713

Mac Haik Ford
P.O. Box 710
Georgetown, TX 78627-0710

National Lenders General Agency, LLC
17047 El Camino Real, Suite 211
Houston, TX 77058-2643

National Tire Wholesale
P.O. Box 205535
Dallas, TX 75320-5535

Neo Finance, Inc.
700 Villa Centre Way
San Jose, CA 95128-5140

O'Reilly Automotive Stores Inc
PO Box 1156
Springfield, MO 65801-1156

O'Reilly Automotive, Inc.
P.O. Box 9464
Springfield, MO 65801-9464

Office of Attorney General
Bankruptcy & Collections Div.
Regulatory Enforcement Section
P.O. Box 12548
Austin, TX 78711-2548

Passtime USA
861 Southpark Dr., Suite 200
Littleton, CO 80120-5684

PayChex
911 Panorama Trail South
Rochester, NY 14625-2396

Peak BHPH Performance
10228 E Northwest Hwy #1074
Dallas, TX 75238-4408

Pedernales Electric Cooperative
P.O. Box 1
Johnson City, TX 78636-0001

Quantum Towing
800 Summit
Kyle, TX 78640-9579

RME Recovery
15505 N Interstate 35, Suite B
Pflugerville, TX 78660-6457

Rogelio Hernandez
822 Carlisle Ave
San Antonio, TX 78225-2501

San Marcos CISD
c/o Diane W. Sanders
Linebarger Goggan Blair & Sampson, LLP
P.O. Box 17428
Austin, TX 78760-7428

Sarekon, LLC
610 Terminal Way
Costa Mesa, CA 92627-3616

Snyder's Salvage
P.O. Box 32
Holland, TX 76534-0032

South Austin Nissan
4914 S IH 35 Frontage Rd
Austin, TX 78745

South Point Dodge
5210 S Interstate 35
Austin, TX 78745-2444

South Point Hyundai
4610 S I-35 Frontage Rd
Austin, TX 78745

South Texas Auto Exchange
1346 Parkridge Dr
San Antonio, TX 78216-6031

Southern Tire Mart
Dept. 143, P.O. Box 1000
Memphis, TN 38148-0001

Spectrum - Time Warner Cable
P.O. Box 223085
Pittsburgh, PA 15251-2085

(p)TEXAS COMPTROLLER OF PUBLIC ACCOUNTS
REVENUE ACCOUNTING DIV - BANKRUPTCY SECTION
PO BOX 13528
AUSTIN TX 78711-3528

Texas Department of Motor Vehicles
4000 Jackson Ave.
Austin, TX 78731-6007

Texas ProTax Austin, Inc.
P.O. Box 140025
Austin, TX 78714-0025

The County of Hays, Texas
c/o McCreary, Veselka, Bragg & Allen
P.O. Box 1269
Round Rock, TX 78680-1269

Travis County Assessor-Collector
P.O. Box 149328
Austin, TX 78714-9328

United Auto Parts
6404 Fairdale Dr
San Antonio, TX 78218-4303

United States Trustee - AU12
United States Trustee
903 San Jacinto Blvd, Suite 230
Austin, TX 78701-2450

Valero Fleet Services
P.O. Box 6293
Carol Stream, IL 60197-6293

Verde's Auto Repair
2600 Goforth Rd
Kyle, TX 78640-4713

Walton Distributing Co., Inc.
6000 Tri County Pkwy
Schertz, TX 78154-3248

Wesley Auto Recovery Inc.
1824 Mearns Road
Warminster, PA 18974-1195

Wind-Pro, Inc.
P.O. Box 12384
Austin, TX 78711-2384

World Pac
P.O. Bx 674687
Dallas, TX 75267-4687

XL Parts, LLC
P.O. Box 736201
Dallas, TX 75373-6201

Todd Brice Headden
Hayward PLLC
7600 Burnet Road
Suite 530
Austin, TX 78757-1269

The preferred mailing address (p) above has been substituted for the following entity/entities as so specified by said entity/entities in a Notice of Address filed pursuant to 11 U.S.C. 342(f) and Fed.R.Bank.P. 2002 (g)(4).

Texas Comptroller of Public Accounts
Revenue Accounting Division - Bankruptcy
P.O. Box 13528 Capitol Station
Austin, TX 78711

The following recipients may be/have been bypassed for notice due to an undeliverable (u) or duplicate (d) address.

(d)Autozone, Inc.
PO BOX 10 DEPT 9003
Memphis, TN 38101-0010

End of Label Matrix	
Mailable recipients	86
Bypassed recipients	1
Total	87